

S.56: An act relating to child care and early childhood education

as Passed the Senate Committee on Health and Welfare

* * * LEGISLATIVE INTENT * * *

Sec. 1. Legislative Intent

* * * PREKINDERGARTEN * * *

Sec. 1a. Prekindergarten Education Study Committee; Report

- Establishes a study committee to make recommendations on how to improve and expand accessible, affordable, and high-quality prekindergarten education

Sec. 1b. Deputy Secretaries (16 V.S.A. § 213)

- Adds an additional Deputy Secretary in AOE to manage special education, early education, and MTSS

Sec. 1c. AOE; Deputy Secretary

- Establishes the 2nd Deputy Secretary position

* * * CHILD CARE AND CHILD CARE SUBSIDIES * * *

Sec. 2. Child Care Financial Assistance Program; Eligibility (33 V.S.A. § 3512)

- Expands from 150% FPL to 185% FPL families with no co-pay in CCFAP
- Expands family eligibility for participation in CCFAP from 350% FPL to 600% FPL
- Requires that CCFAP applications are in plain-language and available in electronic and paper formats

Sec. 3. Provider Rate Adjustment; Child Care Financial Assistance Program

- Initiates a 1x adjustment for provider rates on 1/1/24 for the care of children 0-4 (including 5-year-olds not yet enrolled in kindergarten)
- Adjusted rate accounts for the age of children served and is 38.5% higher than the current 5-STAR rate
- Providers in the same child care setting category shall receive the same rate

Sec. 4. Payment to Providers for School Age Children (33 V.S.A. § 3514)

- Existing provider rate methodology will only apply for child care services to children 5 years of age or older (excluding those 5-years-olds not yet enrolled in kindergarten)

Sec. 4a. Payment to Providers for Children Birth Through Four Years of Age; High Quality Incentive Program (33 V.S.A. § 3515)

- Establishes an ongoing payment schedule (after 1x adjustment) for children 0-4 (including 5-year-olds not yet enrolled in kindergarten) that accounts for the age of the children served
- Providers in the same child care setting category shall receive the same rate

- Provider reimbursement rate will be increased over the previous year's rate annually on July 1 in alignment with the most recent annual average wage growth for NAICS code 611, educational services
- Provides an additional enhanced reimbursement rate for the care of infants and toddlers, to be set by the Commissioner
- Creates an annual flat incentive for all providers of 5-STAR care
- Enables a provider earning less than 5-STARS to receive a 1x incentive for advancing in quality each time the provider moves up a STAR-level

Sec. 4b. High-Quality Early Care and Education Special Fund (33 V.S.A. § 3516)

- Creates a special fund for the incentive payments provided pursuant to 33 V.S.A. § 3515(c)

Sec. 5. Child Care Waitlist and Application Fees (33 V.S.A. § 3517)

- Prohibits a child care provider from charging an application or waitlist fee where the applying child is eligible for CCFAP

Sec. 6. Provider Compensation and Total Cost of Care; Recommendations

- By 11/1/23 DCF, in consultation with others, is required to submit a report to HHS/SHW addressing:
 - Whether/how to integrate a tiered professional pay scale for professionals providing child care services as part of CCFAP;
 - The structure of tiered professional pay scales in other jurisdictions; and
 - The appropriate mechanism to implement any approved tiered professional pay scale.
- By 11/1/24, DCF, in consultation with others, is required to provide the following to HHS/SHW:
 - A tiered professional pay scale; and
 - Formula to calculate the total costs of care to serve children in regulated child care

Secs. 7. Noncitizen Child Care Assistance Program (33 V.S.A. chapter 35, subchapter 6)

- § 3551. Legislative Intent
- § 3552. Subsidies for Certain VT Residents
 - Directs DCF to provide State-funded child care subsidies equivalent to CCFAP to VT residents who have a citizenship status for which CCFAP participation is not available and meet the income eligibility established by DCF

Sec. 8. DCF; Noncitizen Child Care Assistance Program Subsidies; FY25 Estimate

- DCF is required to provide information on the estimated FY25 costs of providing coverage to VT residents who have a citizenship status for which CCFAP participation is not available beginning on 7/1/24 as part of its FY25 budget presentation

* * * SPECIAL ACCOMMODATIONS GRANT * * *

Sec. 9. Report; Special Accommodations Grant

- By 1/15/24, DCF shall submit a report to HHS/SHW providing a proposal to streamline the application process for special accommodation grants

* * * CHILD CARE WORKFORCE RETENTION GRANTS * * *

Sec. 10. FY24 Appropriation; Child Care Worker Retention Grant Program

- In FY24, \$7.3m is appropriated from the GF to DCF for the early childhood staff and home-based provider retention grant program

* * * Scholarships for Prospective Early Childhood Providers * * *

Sec. 11. Repeals

- Repeals future repeal of the scholarships for prospective early childhood providers

Sec. 12. Appropriation; Scholarships for Current Early Childhood Providers

- In FY24, \$500,000 is appropriated in addition to base funding to DCF for funding scholarships for current childhood providers

* * * TRANSITIONAL ASSISTANCE * * *

Sec. 13. Building Bright Futures; Technical Assistance

- Directs BBF to consult with and provide technical assistance to DCF for implementing the provisions of this act
- Directs BBF to monitor transitions required under this act and report annually to HHS/SHW on 1/15 between 2025-2028

* * * PROPERTY TAX EXEMPTION; PROPERTY USED BY A CHILD CARE PROVIDER * * *

Secs. 14-16:

- Establishes a property tax exemption for property used to provide child care services

* * * DEPARTMENT FOR CHILDREN AND FAMILIES RESTRUCTURE AND CREATION OF THE DEPARTMENT FOR ECONOMIC EMPOWERMENT * * *

Secs. 17-69:

- Divides the DCF into two separate departments, DCF and the Department of Economic Empowerment (DEE) as provided below:

| Department for Children and Families | Department of Economic Empowerment |
|---|--|
| Child Development Division (Child Care Licensing, Child Care Financial Assistance Program) | Economic Services Division (Reach Up, General Assistance) |
| Family Services Division (Foster Care, CHINS) | Disability Determination Services |
| | Office of Economic Opportunity |
| | Office of Child Support |

- Reorganizes DCF and establishes DEE

- Makes conforming changes throughout the V.S.A. to align each statutory responsibility to the appropriate department
- Requires transfer of rulemaking authority between DCF and DEE

*** PARENTAL LEAVE BENEFIT PROGRAM ***

Sec. 70. Leave (21 V.S.A. § 472)

- Permits employees to use payments from the parental leave benefit program as wage replacement during a parental leave from employment taken under Vermont's Parental and Family Leave Act

Sec. 71. Parental Leave Benefit Program

- Establishes the parental leave benefit program on 1/1/24, which shall be administered by DCF

Sec. 72. Parental Leave Benefit Program

- Moves administration of the parental leave benefit program to DEE on 7/1/24

*** APPROPRIATIONS ***

Sec. 73. Appropriations

- In FY24, \$90m is appropriated from GF to DCF to fund CCFAP and the parental leave benefit (6-month funding)
- In FY24, \$150,000 is appropriated to BBF for consultation and transitional services required by the act

*** EFFECTIVE DATES ***

Sec. 74. Effective Dates

- Act takes effect 7/1/23, except:
 - Noncitizen Child Care Assistance Program shall take on 7/1/24 subject to appropriations for this purpose
 - Addition of AOE Deputy Secretary (Secs. 1b and 1c) take effect 7/1/24
 - CCFAP (Secs. 3-4b) take effect 1/1/24
 - Property tax exemption (Secs. 14-16) takes effect 7/1/24
 - DCF reorganization (Secs. 17-69) takes effect 7/1/24
 - Parental leave benefit program takes effect 1/1/24
 - Transfer of parental leave benefit program to DEE takes effect 7/1/24